

Target Market Determination

For the Lexus Financial Services Personal Fixed Rate Car Loan and Lexus Ownership Solutions Car Loan (ABN 48 002 435 181)

1. About this document

This target market determination (TMD) outlines to consumers and distributors the class of consumers for which this product has been designed, having regard to their objectives, financial situation and needs of the target market.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumers must refer to the Lexus Financial Services Personal Fixed Rate Loan Contract Booklet - Standard Terms and Conditions and any supplementary documents which outline the relevant terms and conditions under the product when making a decision about this product.

For further information on Lexus Financial Service's products, please refer to www.lexus.com.au/finance/personal

Terms and Conditions to which this target market determination applies

This TMD applies to the Lexus Financial Services Personal Fixed Rate Car Loan and Lexus Ownership Solutions Car Loan referred to in the Personal Fixed Rate Loan Contract Booklet - Standard Terms and Conditions.

Date from which this TMD is effective

5 October 2021

2. Class of consumers that fall within this target market

This product is designed for a class of consumer who want finance to purchase a vehicle predominately for personal, domestic, or household use (including vehicle accessories, on-road costs and fees that can be financed), and want an interest rate that is fixed for the loan term. There are two variations of this product: (1) the Personal Fixed Rate Car Loan and (2) Lexus Ownership Solutions Car Loan.

	Personal Fixed Rate Car Loan	Lexus Ownership Solutions Car Loan
Product description and key attributes	<p>The key attributes of the Personal Fixed Rate Car Loan are as follows:</p> <ul style="list-style-type: none"> • Minimum amount to be financed is \$5,000; • Able to make extra repayments and reduce amount of interest payable; • Fixed interest rate for a customisable loan term to finance an eligible passenger or light commercial vehicle; • Loan terms available from 12 to 84 months; • Option to include a balloon payment at the end of the loan term (subject to eligibility and lending criteria); and <div style="border: 1px solid black; padding: 5px;"> <p>A balloon payment is a final payment in the form of a lump sum and is payable at the end of the loan term.</p> </div> <ul style="list-style-type: none"> • At the end of the loan term, a consumer has full ownership of the vehicle (provided they have made all repayments under the loan contract, including any applicable balloon payment). <p>For further information on the Lexus Financial Services Personal Fixed Rate Car Loan, visit www.lexus.com.au/finance/personal/consumer-fixed-rate-loan</p>	<p>The key attributes of Lexus Ownership Solutions Car Loan are as follows:</p> <ul style="list-style-type: none"> • Minimum amount to be financed is \$5,000; • Able to make extra repayments and reduce amount of interest payable; • Fixed interest rate for a customisable loan term to finance an eligible passenger or light commercial vehicle; • Loan terms available are 12, 24, 36 and 48 months for eligible new or demonstrator vehicles; • Lexus Financial Services calculates a Guaranteed Future Value (GFV) at the start of the loan; <div style="border: 1px solid black; padding: 5px;"> <p>A GFV is the minimum value of the vehicle at the end of the loan term, as determined by Lexus Financial Services. The GFV is calculated using the loan term and kilometres chosen by the consumer and is equal to the balloon payment of the loan.</p> <p>If the consumer decides to return the vehicle to Lexus Financial Services at the end of the loan term, Lexus Financial Services will pay the consumer the GFV by applying the GFV against the outstanding loan balance (as long as fair wear and tear conditions and agreed kilometres have been met).</p> </div> <ul style="list-style-type: none"> • A balloon payment, equal to the GFV, is payable at the end of the loan term; and

		<p>A balloon payment is a final payment in the form of a lump sum payable at the end of the loan term. With Lexus Ownership Solutions, the balloon payment is equal to the GFV.</p> <ul style="list-style-type: none"> • At the end of the loan term, a consumer can choose to: <ul style="list-style-type: none"> - retain the vehicle by either paying out or refinancing the balloon payment (subject to lending criteria); - trade the vehicle for a new model; or - return the vehicle to Lexus Financial Services for the GFV (subject to fair wear and tear conditions and agreed kilometres being met) which will be applied against the final balloon payment. <p>For further information on the Lexus Ownership Solutions Car Loan, visit www.lexus.com.au/finance/personal/personal-ownership-solutions</p>
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Likely objectives, financial situation, and needs

The below table summarises the type of consumer that falls within the target market for each product variation and the needs, objectives and financial situation that the product has been designed to meet.

	Personal Fixed Rate Loan	Lexus Ownership Solutions Car Loan
Class of Consumer	This product has been designed for consumers that are at least 18 years of age, meet Lexus Financial Service's eligibility and lending criteria, and want finance to purchase a vehicle predominately for personal, domestic, or household use.	This product has been designed for consumers that are at least 18 years of age, meet Lexus Financial Service's eligibility and lending criteria, want finance to purchase a vehicle predominately for personal, domestic, or household use, and want a GFV on an eligible vehicle.
Needs and objectives	<p>This product has been designed for consumers who:</p> <ul style="list-style-type: none"> • Want credit to finance a vehicle predominately for personal, domestic, or household use; • Want an interest rate that is fixed with a predetermined payment structure across the term of the loan; • Want access to repayment options (including weekly, fortnightly or monthly); • Want to own the vehicle from the beginning of the loan; • Want a loan that is secured against a vehicle; • Want to take unencumbered ownership of the vehicle at the end of loan term (subject to all repayments under the loan contract being met). 	<p>This product has been designed for consumers who:</p> <ul style="list-style-type: none"> • Want credit to finance a vehicle predominately for personal, domestic, or household use; • Want an interest rate that is fixed with a predetermined payment structure across the term of the loan; • Want access to repayment options (including weekly, fortnightly or monthly); • Want to own the vehicle from the beginning of the loan; • Want a loan that is secured against a vehicle; • Want access to a GFV for their vehicle at loan maturity (subject to fair wear and tear conditions and agreed kilometres being met); and/or • Want flexible end of loan term options including the ability to return the vehicle to Lexus Financial Services for the GFV (subject to fair wear and tear conditions and agreed kilometres being met), which will be applied against the final balloon payment.
Financial situation	<p>This product has been designed for consumers who:</p> <ul style="list-style-type: none"> • Can pay the scheduled repayments, comprising principal payments, interest as it accrues, and the fees and charges associated with the purchase and financing of a vehicle; and • Want the option to select a loan With balloon payment or Without a balloon payment. <div data-bbox="288 1648 879 1899" style="border: 1px solid black; padding: 5px;"> <p>With balloon payment This option has been designed for consumers who seek to reduce repayments for the loan term and either intend to:</p> <ul style="list-style-type: none"> • Pay the final balloon payment when it is due; or • Refinance the final balloon payment when it is due, because they are comfortable with paying higher amounts in interest overall in order to reduce repayments over the term. </div> <div data-bbox="288 1917 879 2145" style="border: 1px solid black; padding: 5px;"> <p>Without balloon payment This option has been designed for consumers who:</p> <ul style="list-style-type: none"> • Can afford higher repayments and do not wish to, or cannot afford to, pay a final balloon payment; • Seek to pay lower amounts in interest overall; and • Wish to pay off the loan as soon as possible without having to pay any lump sum or balloon payment. </div>	<p>This product has been designed for consumers who:</p> <ul style="list-style-type: none"> • Can pay the scheduled repayments, comprising principal payments, interest as it accrues, and the fees and charges associated with the purchase and financing of a vehicle; and • Want a loan with a balloon payment which is equal to the GFV.

Excluded class of consumers

This product has not been designed for consumers who want to:

- Part with possession or control of the vehicle by way of lease, transfer, assign or lend;
- Modify the vehicle in a way that may void any warranty or cause the vehicle to be unroadworthy, illegal or not fully covered by insurance;
- Transport the vehicle from mainland Australia or Tasmania; or
- Use the vehicle to provide commercial transport services, such as hire-car, or taxi.

Consistency between target market and the product

This product is likely to be consistent with the likely objectives, needs and financial situation of the class of consumers in the target market. This is based on an analysis of the key terms, features and attributes of the product and a finding that these are consistent with the identified class of consumers.

3. How this product is to be distributed

Distribution channels

This product is designed to be distributed through the following means:

- By our accredited Motor Vehicle Dealer network acting as agents for Lexus Financial Services under Lexus Financial Services 's Australian Credit Licence; and
- Directly by Lexus Financial Services through the Lexus Financial Services National Direct Centre, either over the phone, via email or mail.

Distribution conditions

This product should only be distributed to consumers that meet Lexus Financial Services 's eligibility and lending criteria.

Adequacy of distribution conditions and restrictions

Lexus Financial Services have determined that the distribution conditions and restrictions will make it likely that the consumers who purchase the product are in the class of consumers for which it has been designed. Lexus Financial Services consider that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

4. Reviewing this TMD

We will review this TMD in accordance with the below:

Initial review	Within 12 months of the effective date.
Periodic reviews	At least every three years following the initial review to ensure it remains appropriate.
Review triggers or events	Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but is not limited to): <ul style="list-style-type: none">• A material change to the design or distribution of the product, including related product documentation and acceptance/lending criteria;• The occurrence of a significant dealing;• Distribution conditions found to be inadequate;• Significant changes in metrics including, but not limited to, material adverse trends in internal delinquency data, cancellations, product switching, defaults on repayments, late repayments and/or complaints;• Identified systemic issues in the product or across the product lifecycle;• Material external events such as relevant litigation, adverse media coverage or regulatory attention which may suggest the TMD is no longer appropriate; or• Relevant feedback, information or notification received from a distributor, regulatory body such as ASIC or APRA, or other interested parties.

This TMD will be reviewed within 10 business days of the occurrence of any review trigger.

5. Reporting and monitoring this TMD

We may collect the following information from our distributors in relation to this TMD.

Complaints	Distributors will refer all complaints in relation to the product covered by this TMD to Lexus Financial Services as and when a complaint arises or the distributor becomes made aware of a complaint.
Significant dealings	Distributors will report if they become aware of a significant dealing in relation to this TMD as soon as practicable but not more than 10 business days after.
System Controls	Lexus Financial Services will review and assess the adequacy of distribution conditions and restrictions to ensure alignment with the TMD and that they are working effectively on a quarterly basis.
Transaction Data	Lexus Financial Services will review transaction data relevant to the TMD on a monthly basis and report any significant dealing in relation to this TMD.
Sales Practice Monitoring	Lexus Financial Services will review the results of the bi-annual Compliance Competency Assessment and report any significant dealing in relation to this TMD.